

FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review of the Results
For the nine months ended July 31, 2020

The Bank reported net income of \$10.7 million for the nine months ended July 31, 2020, \$60.1 million or 84.9% lower than the same period a year ago. The primary driver of the year over year decline is our projection of increased credit losses as a result of the COVID-19 pandemic. Results have also been impacted by the steep decline in US interest rates and the overall decline in business activity. During this difficult period, the Bank continues to place emphasis on supporting our clients as well as reducing our discretionary expenditures.

At its meeting on September 15, 2020, the Directors approved an interim dividend of nine cents (\$0.09) per share, subject to regulatory approval and upon the Central Bank's lifting of its current suspension of dividend approvals. Our Tier 1 and Total Capital ratios remain strong at 25.5% and 25.6%, in excess of the regulatory requirements.

I am deeply grateful to our employees for their continued commitment to supporting our clients throughout the pandemic, and to our clients, shareholders and directors for their ongoing support.



Marie Rodland-Allen
 Managing Director

¹Adjusting equity for the impact of dividends declared but not paid, for which regulatory approval remains pending, the Tier 1 and Total Capital ratios would be 21.4% and 21.5%, respectively.

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Jul 31, 2020	Unaudited Jul 31, 2019	Audited Oct 31, 2019
Assets			
Cash, balances with The Central Bank and due from banks	743,301	597,642	593,474
Other assets	50,501	34,915	48,212
Securities	926,753	956,491	936,576
Loans and advances to customers	2,024,665	2,036,461	2,023,654
Property and equipment	45,268	30,095	30,593
Goodwill	72,747	72,747	72,747
Total assets	3,863,235	3,728,351	3,705,256
Liabilities			
Customer deposits	3,112,940	2,967,286	2,903,742
Other liabilities	70,882	60,810	77,942
Total liabilities	3,183,822	3,028,096	2,981,684
Equity			
Issued capital	477,230	477,230	477,230
Reserves	33,492	9,213	19,810
Retained earnings	168,691	213,812	226,532
Total equity	679,413	700,255	723,572
Total liabilities and equity	3,863,235	3,728,351	3,705,256



Director



Director

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Nine Months Ended		Audited Year Ended
	Jul 31, 2020	Jul 31, 2019	Jul 31, 2020	Jul 31, 2019	Oct 31, 2019
Total interest income	36,676	42,684	117,056	127,093	169,968
Total interest expense	2,029	3,204	7,889	10,197	13,172
Net interest income	34,647	39,480	109,167	116,896	156,796
Operating income	10,701	12,001	36,127	36,110	48,619
Total revenue	45,348	51,481	145,294	153,006	205,415
Operating expenses	26,713	27,285	84,472	82,189	106,524
Credit loss expense/(reversal) on financial assets	10,861	334	50,099	(19)	4,515
	37,574	27,619	134,571	82,170	111,039
Net income for the period	7,774	23,862	10,723	70,836	94,376
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204	120,216,204
Net earnings per share (in cents)	6.5	19.8	8.9	58.9	78.5

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	Jul 31, 2020	Jul 31, 2019	Jul 31, 2020	Jul 31, 2019	Oct 31, 2019
Net income for the period	7,774	23,862	10,723	70,836	94,376
Other comprehensive income/(loss) to be reclassified to net income in subsequent periods					
<i>Net gains on debt instruments at fair value through OCI</i>	8,266	2,699	6,427	9,311	10,866
	8,266	2,699	6,427	9,311	10,866
Other comprehensive income/(loss) not to be reclassified to net income in subsequent periods					
<i>Re-measurement gains on retirement benefit plans</i>	-	-	-	-	9,042
	-	-	-	-	9,042
Other comprehensive income for the period	8,266	2,699	6,427	9,311	19,908
Comprehensive income for the period	16,040	26,561	17,150	80,147	114,284

Condensed Consolidated Statement of Changes in Equity
B\$'000

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2018	477,230	(6,627)	181,965	652,568
Comprehensive income for the period	-	9,311	70,836	80,147
Dividends	-	-	(32,460)	(32,460)
Transfer to Statutory Reserve Fund - TCI	-	6,529	(6,529)	-
Balance at July 31, 2019	477,230	9,213	213,812	700,255
Balance at October 31, 2019	477,230	19,810	226,532	723,572
Comprehensive income for the period	-	6,427	10,723	17,150
Dividends	-	-	(61,309)	(61,309)
Transfer to Statutory Reserve Fund - TCI	-	7,255	(7,255)	-
Balance at July 31, 2020	477,230	33,492	168,691	679,413

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Nine Months Ended		Audited Year Ended
	Jul 31, 2020	Jul 31, 2019	Oct 31, 2019
Net cash from operating activities	191,280	162,994	201,714
Net cash from/(used in) investing activities	16,932	(151,907)	(124,261)
Net cash used in financing activities	(68,178)	(32,460)	(58,640)
Net increase/(decrease) in cash and cash equivalents	140,034	(21,373)	18,813
Cash and cash equivalents, beginning of the period	513,005	494,192	494,192
Cash and cash equivalents, end of the period	653,039	472,819	513,005

Notes to the Condensed Consolidated Financial Statements
 July 31, 2020

1. Basis of preparation and summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited (the Bank) should be read in conjunction with the International Financial Reporting Standards (IFRS) consolidated financial statements and notes thereto for the year ended October 31, 2019, included in the Bank's Annual Report 2019. For a description of the Bank's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

Basis of presentation

Certain financial information, which is normally included in annual financial statements prepared in accordance with IFRS, but not required for interim reporting purposes, has been condensed or omitted. Reclassifications may be made to the prior period's financial statements to conform to the current period's presentation. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the unaudited condensed consolidated financial statements for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of results for the entire year.

In preparing these unaudited condensed consolidated financial statements, management is required to make estimates and assumptions which affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The consolidated interim financial statements include the accounts of the following wholly owned subsidiaries:

- Sentry Insurance Brokers Ltd.
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCI) Limited

Dividends

The Directors have recommended for approval the following dividends, which are not reflected in these unaudited consolidated financial statements as they are subject to requisite regulatory approvals:

- Fiscal 2019 Q3 ordinary dividend of \$0.09 per share (approved by the Board on September 17, 2019)
- Fiscal 2020 Q1 ordinary dividend of \$0.09 per share (approved by the Board on March 17, 2020)
- Fiscal 2020 Q2 ordinary dividend of \$0.09 per share (approved by the Board on May 27, 2020)
- Fiscal 2020 Q3 ordinary dividend of \$0.09 per share (approved by the Board on September 15, 2020)

Condensed Consolidated Segment Information
B\$'000

	Unaudited Nine Months Ended July 31, 2020				
	RBB	CIB	WM	Admin	Total
External revenue	52,578	35,410	(247)	21,426	109,167
Internal revenue	(4,558)	13,264	8,391	(17,097)	-
Net interest income	48,020	48,674	8,144	4,329	109,167
Operating income	17,974	15,872	3,145	(864)	36,127
	65,994	64,546	11,289	3,465	145,294
Depreciation	1,490	13	45	4,467	6,015
Operating expenses	19,304	3,810	1,604	53,739	78,457
Indirect expenses	21,880	22,328	11,863	(56,071)	-
Credit loss expense on financial assets	29,476	16,715	442	3,466	50,099
Net income for the period	(6,156)	21,680	(2,665)	(2,136)	10,723

Total assets and liabilities by segment

are as follows:					
Segment assets	(32,419)	1,741,232	548,339	1,606,083	3,863,235
Segment liabilities	1,297,878	1,307,406	547,604	30,934	3,183,822

**Unaudited
Nine Months Ended
July 31, 2019**

	RBB	CIB	WM	Admin	Total
External revenue	52,891	41,024	(1,043)	24,024	116,896
Internal revenue	(7,470)	4,727	11,377	(8,634)	-
Net interest income	45,421	45,751	10,334	15,390	116,896
Operating income	20,242	13,255	3,138	(525)	36,110
	65,663	59,006	13,472	14,865	153,006
Depreciation	1,211	9	52	2,212	3,484
Operating expenses	18,189	3,360	2,212	54,944	78,705
Indirect expenses	20,407	24,312	13,830	(58,549)	-
Credit loss expense on financial assets	(3,852)	682	49	3,102	(19)
Net income for the period	29,708	30,643	(2,671)	13,156	70,836

Total assets and liabilities by segment

are as follows:					
Segment assets	273,506	1,580,220	606,830	1,267,795	3,728,351
Segment liabilities	1,167,717	1,194,452	608,964	56,963	3,028,096

**Audited
Year Ended
October 31, 2019**

	RBB	CIB	WM	Admin	Total
External revenue	71,957	53,790	(1,304)	32,353	156,796
Internal revenue	(9,849)	7,782	14,868	(12,801)	-
Net interest income	62,108	61,572	13,564	19,552	156,796
Operating income	26,567	18,611	4,421	(980)	48,619
	88,675	80,183	17,985	18,572	205,415
Depreciation	2,300	12	69	1,640	4,021
Operating expenses	23,925	4,469	2,720	71,389	102,503
Indirect expenses	25,970	30,845	17,624	(74,439)	-
Credit loss expense on financial assets	(224)	1,437	47	3,255	4,515
Net income for the year	36,704	43,420	(2,475)	16,727	94,376

Total assets and liabilities by segment

are as follows:					
Segment assets	223,411	1,635,233	543,456	1,303,156	3,705,256
Segment liabilities	1,165,744	1,232,988	544,713	38,239	2,981,684

Notes:

The Bank's operations are organised into four segments: Retail and Business Banking ("RBB"), Corporate and Investment Banking ("CIB") and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, HR, Technology & Operations, Risk and Other). The Admin segment results include credits or capital charges for Treasury market-based cost of funds on assets, liabilities and capital; the offset of the same for RBB, CIB, and WM earnings on unattributed capital remains in Admin. Capital is attributed to RBB, CIB and WM (Strategic Business Units or "SBU") in a manner that is intended to measure and align economic value with the underlying benefits and risks associated with SBU activities. Management reviews the transfer pricing methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices.